



December 14, 1987

SUBJECT: Debt Settlement

TO: All State Directors, State Directors-at-Large,  
Farmer Programs Chiefs, District Directors, and  
County Supervisors, FmHA

Purpose/Intended Outcome:

This Administrative Notice (AN) is intended to provide guidance on FmHA Instruction 1956-B, Section 1956.66(a).

Comparison with Previous AN:

No previous AN has been issued on this subject.

Implementation Responsibilities:

FmHA Instruction 1956-B, Section 1956.66(a), permits borrowers to keep their security under certain circumstances. These circumstances require cash offers by the borrowers of an amount equal to the current fair market value of the security. Any remaining unsecured debt may be debt settled. Such settlement may include a compromise or adjustment offer. The offer to settle the unsecured debt must be based on the borrower's repayment ability as outlined in Section 1956.66(a)(2) of FmHA Instruction 1956-A.

VANCE L. CLARK  
Administrator

EXPIRATION DATE: September 30, 1988

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1956-B

